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SRC's Mission

SRC's mission is to help the people of Saskatchewan strengthen the economy with quality jobs and a secure environment. We do this through research, development, and the transfer of innovative scientific and technological solutions, applications and services.

SRC's Vision

SRC will be an internationally recognized leader in the development and implementation of relevant science and technology. We are committed to use this strength to enable our customers to thrive in the world economy, and to benefit Saskatchewan.

SRC's Purpose

SRC creates wealth through the responsible application of science and technology to assist Saskatchewan industry to be globally competitive.

We create wealth by

i) increasing production (of goods and services)
ii) adding value (to goods and services)
iii) improving productivity
iv) creating and commercializing new products and services

The Research Council Act

Section 21 (2) directs that:

Every report shall be laid before the Legislative Assembly in accordance with The Tabling of Documents Act, 1991.

102-07115/

Letter of Transmittal

July 2002

Letter of Transmittal

To the Honourable Lynda Haverstock

Lieutenant Governor of Saskatchewan

May it please your Honour:

The undersigned presents herewith, for your consideration, the report of the Saskatchewan Research Council for the year ended March 31, 2002.

Respectfully submitted,

Eldon Lautermilch

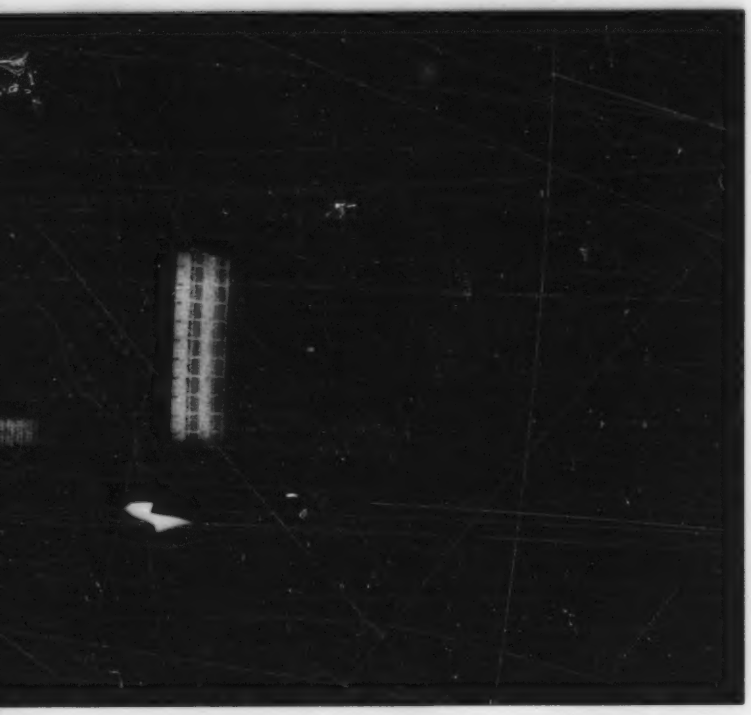
Minister Responsible for SRC

Message from the Chair

This has been an exciting year for the Saskatchewan Research Council.

During the year, the Board of Directors established a plan to enhance SRC's ability to assist Saskatchewan business interests to acquire the research and development support needed to improve their competitiveness, productivity and growth.

SRC's success can only be measured by that of others.



In our role as a research and development organization, SRC understands that solving scientific and technological problems can be the key to success for many businesses. In the following pages you can read about some of the ways SRC has been helping Saskatchewan companies become more successful, create more jobs and compete in the provincial, national and international marketplace.

SRC has exceptional human and physical resources that are used to deliver economic, environmental and social advantages to Saskatchewan people. Our research team is recognized around the world for its ingenuity, insight and creativity.

The Board of Directors re-positioned SRC to prepare for the many new challenges we will face in Saskatchewan. This transformation led to the theme of this year's annual report "Expertise, Energy, Enterprise". The Board of Directors views these as the three key elements to building a prosperous future in Saskatchewan.

Expertise: exemplified by the knowledge, the skill and the ingenuity that SRC brings to the table in helping to meet the challenges faced by our many clients and partners and to support and build upon their ideas for progress.

Energy: found in the drive to succeed as demonstrated by SRC staff and in the enthusiasm and vitality of Saskatchewan communities.

Enterprise: found at the heart of this province's history and the key to our future prosperity. It's shown in our shared commitment to hard work, to innovation and to achieving our goals.

SRC is where these three key elements of prosperity meet. In this annual report are stories and articles which illustrate how SRC's scientists, engineers, technologists, technicians and support people are bringing expertise, energy and enterprise together to benefit the people of Saskatchewan.

On behalf of the Board of Directors, I would like to congratulate each of SRC's employees for their excellent work and personal commitment to helping make Saskatchewan a great place to live and work. I would also like to extend thanks to our clients and partners for the opportunity to be part of your success. We look forward to enhancing our relationships and working together toward an exciting and prosperous future.

Keith Hanson

Keith Hanson
Chair, Board of Directors

Message from the President

While SRC is an organization with deep roots in Saskatchewan's past and present, we have our eyes set firmly on the future. That's because we have such a vital role to play in building that future. In moving forward we will focus on our core business – creating wealth through the responsible application of science and technology to assist Saskatchewan industry to be globally competitive. As a team, we're ready to advance.

Saskatchewan has the potential to be globally competitive in a number of areas: agriculture and biotechnology, alternative energy development, oil, gas and minerals, environmental management, and manufacturing and value-added processing, to name just a few. Experts in each of these fields can be found in this province, people pursuing opportunities for the creation of wealth and future prosperity in Saskatchewan. Many of these people work for SRC and many more of them are our clients and partners. Together, we are working to chart a course to prosperity for this province.

In some cases, our role is to cultivate new and better ways to develop Saskatchewan's resources and get them to market; in others, we contribute by identifying a market for Saskatchewan innovation. In some cases, we take leading-edge knowledge developed right here in this province and sell it to the world; in other cases, we bring the best knowledge the world has to offer and apply it to unique Saskatchewan situations. In every case, SRC's focus is on gaining maximum benefit for the people of Saskatchewan, creating opportunities and prosperity for both now and the future.

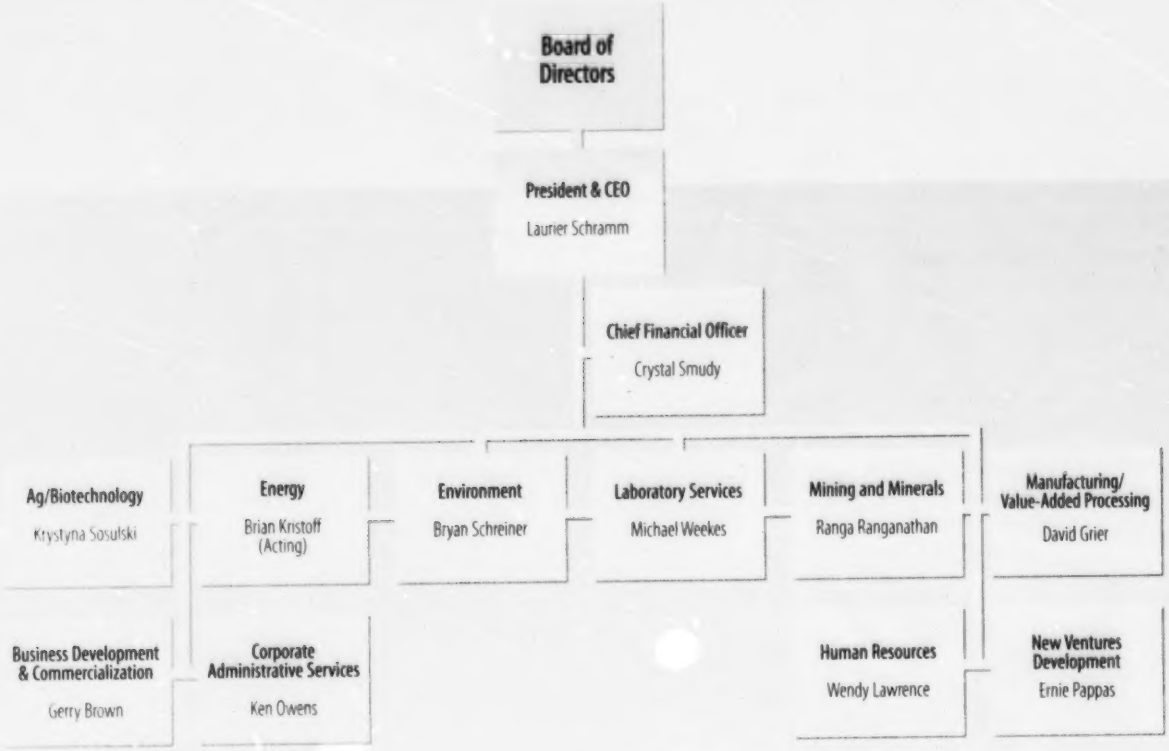
During the past year we positioned SRC to meet the challenges of the new millennium. As the province's lead agency dealing with multi-sectoral technology issues, we presented Cabinet with a complete review of SRC's positioning to primarily fulfill the role in the innovation chain between the knowledge creators (universities and fundamental research labs) and technology users and implementers in the industrial and commercial sectors. In approving our positioning, the Province of Saskatchewan provided a critical reaffirmation of SRC's mandate, mission, vision, role, scope and approach to conducting business. The next important step in our business positioning was to reorganize to ensure SRC remains aligned with the strategic economic sector areas in which Saskatchewan can succeed and prosper. We have targeted areas in which the combination of our human and physical resources puts this province at an advantage. In the coming year we'll also develop a long-term strategic business plan and balanced reporting scorecard and refine our approaches to corporate governance and public accountability. As we continue to develop our sophisticated technological expertise and technology transfer capabilities we are also working together to create and maintain an innovative, safe, equitable, and rewarding workplace. By taking this longer-term approach,

SRC is laying a solid foundation on which this province can continue to build.

I commend and thank all of SRC's employees and our Board of Directors for their hard work and dedication. We are all proud of the role SRC has played, since 1947, as an agent of progress and a partner of prosperity in this province. In this annual report you will see examples of the contributions our people are making every day to help fuel the engines of Saskatchewan's prosperity. Look for us to grow this role in the years ahead.

Laurier Schramm
President and Chief Executive Officer

Saskatchewan Research Council: Organizational Chart as of April 1, 2002



Board of Directors

Chair, Mr. Keith Hanson, Saskatoon - President, Sun Ridge Group

Vice-Chair, Mr. Michael Monea, Regina - President, Flatland Exploration Ltd.

Secretary, Dr. Laurier Schramm - President and CEO, SRC

Mr. Doug Kelln, Regina - Vice President, SaskEnergy Inc.

Mr. Craig Zawada, Saskatoon - Partner, Wallace Meschishnick Clackson Zawada

Mr. Larry Cooper, Saskatoon - President, Scientific Instrumentation Inc.

Mr. John Bennett, Biggar - Owner and Operator, Beckman Farms Ltd.

expertise. energy. enterprise

It takes three crucial ingredients to create prosperity. It takes the expertise of SRC's scientists and technologists and our clients. It requires the energy of Saskatchewan's innovators and entrepreneurs. It calls upon the spirit of enterprise that is at the heart of the province.

Beginning on page 6, this annual report describes SRC activities that are helping create prosperity in Saskatchewan in areas targeted by the province's Partnership for Prosperity economic development plan.

SRC's staff are proud of the role we're playing in creating wealth and opportunity in this province. We're proud to bring together the three key ingredients of prosperity: ***expertise, energy, enterprise.***

key areas of activity

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2. Energy 10

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6. Community 26

Working with the Canadian Livestock Industry, Bova-Can Laboratories uses the most recent developments in genetic analyses for diseases typing, animal identification and pedigree verifications. Together with the Purebred Industry, Bova-Can Laboratories also develops new tools to better estimate the genetic potential of elite animals, helping Canadian breeders secure their share of the International markets for cattle.

Agriculture and Biotechnology: Creating prosperity through the Saskatchewan advantage

Saskatchewan is ***ideally positioned to lead the world*** *in agriculture and biotechnology research and to develop a strong agriculture and biotechnology business sector. SRC has been working with Saskatchewan's growing ag-biotech sector from the very beginning. We're committed to building on the successes of the past to create prosperity for the future.*

Bova-Can Labs: Using service, innovation and education to grow the livestock industry

For the past decade, SRC's Bova-Can Laboratories has been a world-leader in the transition to DNA typing for parentage verification in the livestock industry.

In the past year, Bova-Can has taken this expertise in DNA research to a new level by developing a series of genetic markers for the cattle breeding industry. These new markers can help breeders determine if their animals carry specific genes for coat colour, whether an animal is genetically polled or still carries the horn gene, and eventually predict the fat content of its meat.

"As we expand the knowledge and the science of livestock genetics, Bova-Can is also committed to expanding the services that we provide Canada's livestock industry," says Dr. Yves Plante, Manager of Bova-Can Laboratories. "Having access to the best information, the best scientists, and the best technology gives Canadian livestock a real advantage."

To ensure that the Canadian advantage continues, Bova-Can has established a series of strategic partnerships. The lab is involved in the Agriculture and Agri-Food Canada/Semex Alliance project on marker-assisted selection in Holstein cattle. This ambitious project involves genotyping two sires and 800 of their female offspring using 40 markers and four known genes. Bova-Can hopes to develop Quantative Trait Loci (QLT) markers which will allow breeders to predict milk production of female offspring using the genetic characteristic of the sire.

"Bova-Can is focussed on three key areas: service, innovation and education," Dr. Plante explains. "We serve the Canadian livestock industry not only by providing them with the services they need today, but also by pushing the knowledge envelope through innovation and by educating clients of the benefits of that new knowledge."

For Saskatchewan's $1.5-billion dollar livestock industry, and for producers across Canada, this commitment by Bova-Can Laboratories has made all the difference.

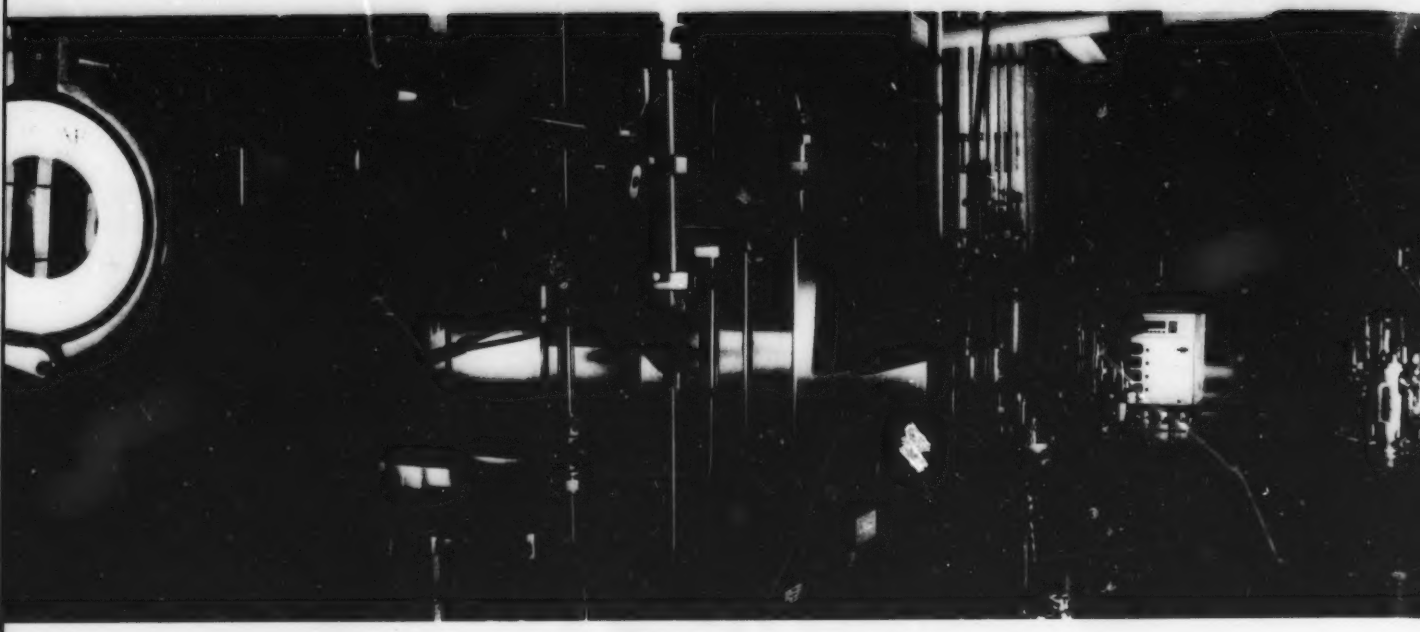
New bison markers will assist growing industry

In the last year, Bova-Can completed a research program for the Saskatchewan Bison Association. The lab developed a set of DNA microsatellite markers to be used for parentage verification in bison. With more people turning to bison as an exotic meat, and with the product gaining greater acceptance in the marketplace each year, Bova-Can will be a valuable resource for this growing industry.

There's always something brewing at the Fermentation Lab

SRC's fermentation pilot plant is the most advanced of its kind in Canada, offering a unique range of knowledge, services and technology to clients.

"We offer an expertise in process and product development of fermentation products that is unequalled."



SRC's state-of-the-art Fermentation Pilot Plant.

says Dr. Krystyna Sosulski, Director of SRC's Ag/Biotechnology Branch. "Our multi-disciplinary team approach to fermentation development has allowed us to become a key resource for clients developing products for agriculture."

During the last year, SRC's Fermentation Lab built on its growing reputation by upgrading its capabilities to serve Canadian manufacturers of vaccines for animals. The lab was granted a license by the Canadian Food Inspection Agency (CFIA) to allow veterinary medicine production for the Canadian market. Similar approval from the United States Department of Agriculture is expected.

"These are key events for us," says Sosulski. "They demonstrate the confidence that outside agencies have in the quality of work being performed here."

SRC's fermentation capabilities are unique among Canadian labs, allowing for fed-batch or continuous fermentations with oxygen supplementation. This pushes the envelope in both fermentation technologies and the development of new products for agriculture.

In the last year, the Fermentation Lab has focussed on legume inoculants and animal vaccines. The recent creation of a joint-venture partnership program and capabilities to expand services to probiotics, enzymes and nutraceuticals will see each of these opportunities explored even further.

"We were looking for a way to make our state-of-the-art facility more accessible to clients interested in developing new products for agriculture, food and animal health," Sosulski explains. "Working with Saskatchewan Agriculture and Food, we developed a joint-venture partnership program to help develop and commercialize new products."

Through this program, new projects are established as a financial partnership between the client and SRC, with the program providing up to 50% of the expenses for process development carried out in the Fermentation Pilot Plant. A negotiated royalty structure, charged against revenues from the developed product, will maintain the program.

"This partnership will allow our lab to continue to stay at the forefront," Sosulski says. "But more importantly, it will encourage more innovation and product development here in Saskatchewan."

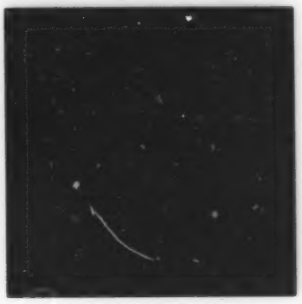
With a track record of success and a commitment to

excellence, it's clear that things will be brewing at SRC's Fermentation Pilot Plant for a long time. That's good news for Saskatchewan.

DNA fingerprinting will benefit farms, forests and our environment

Work done in SRC's Ag/Biotechnology Branch to learn more about the information contained in plant DNA using plant DNA fingerprinting technology will benefit farmers, the forestry industry and, eventually, our environment.

Last year, the Branch undertook a project for the Prairie Farm Rehabilitation Administration (PFRA), to establish DNA fingerprints to identify poplar clones. The knowledge gained will help ensure the propagation of healthier, hardier and more disease-resistant trees.



Dr. Faouzi Bekkaoui is the Section Head at the Ag/Biotechnology Branch who led this project. He sees a number of important implications for the findings.

"The initial reason that poplar hybrids were developed was to ensure stronger, faster-growing shelterbelts," he says. "We now know that poplar could become important in farm diversification and forestry, and that they will play a major role in the environment by absorbing carbon dioxide (CO_2)."

As a result, the proper genetic identification of poplar has become even more important. Propagation of clones or cuttings rather than seedlings allows rapid mass production of specific trees that have shown favorable traits such as rapid growth and resistance to pests. SRC's work was done on poplar "clones" or cuttings, because the DNA information is more accurate than from seed-planted poplars, which may contain DNA from more than one type of poplar. Work is also being done to develop DNA fingerprints for canola, wheat, barley and other plants.

In a province where agriculture and forestry play such a vital role, ensuring the quality and authenticity of genetic plant stock will also ensure that these industries continue to provide benefits to Saskatchewan people into the future.

Analytical Laboratories help Saskatchewan organic producers gain market share

Over the last decade, the organic foods and nutraceuticals sector has been one of the fastest growing in the retail food industry. It is forecast that this trend will not only continue, but accelerate, as consumers become more selective about the food they put into their bodies.

SRC's Analytical Laboratories have been part of that growth and will continue to work with producers to provide a whole range of tests that allow their products to be certified as organic. This testing from SRC opens markets for producers and gives consumers confidence that the product is produced through certified practices.

"Our services benefit producers, of course, because they are able to go to the market once a product has been tested by us, but our services also benefit the consumer, because they are able to buy a product with confidence that it has been tested and meets guidelines for chemical residues," explains Dr. Wo Yuen of SRC's Analytical Laboratories.

SRC's services to the organic foods and nutraceuticals sector helps Saskatchewan producers present their products to the domestic market while gaining new markets around the world. At the same time as ensuring market share by testing products for pesticide and herbicide for the organic foods market within Canada, SRC Analytical Laboratories also runs a full series of other tests on food for export. For example, many countries have limits for trace metals such as cadmium and lead for grain products. SRC provides the tests necessary to help Saskatchewan producers meet those guidelines.

Similarly, the accident at Chernobyl resulted in many European countries establishing guidelines for radioactive isotopes in agricultural products. SRC can provide the necessary tests to meet those standards.

As public awareness of food safety and security issues grows, so too will the role played by SRC Analytical Laboratories in providing confidence and security to producers and consumers.

Senior Research Technologist Lang Stroich monitors heavy oil production in an enhanced waterflood test. SRC's Energy Branch staff bring extensive experience and a thorough knowledge of western Canada's oilpatch to each experiment.

Energy: A history of wealth; a future of prosperity

Since that day in 1947 when oil was struck in Leduc, the energy industry has been vital to the creation of wealth in western Canada. The search for new ways to generate prosperity in the energy sector is an ongoing one. The Saskatchewan Research Council is an active participant, working with industry, governments and others to turn energy into opportunity.

Leading the way in petroleum research and development

As a founding partner in the Petroleum Technology Research Centre (PTRC), SRC takes pride in the positive impact it is having as an internationally-recognized leader in petroleum research and development.

PTRC is a partnership between SRC, the University of Regina, Saskatchewan Industry & Resources and Natural Resources Canada. It is housed in a 5,600 square-metre dedicated facility in the Regina Research Park. This new building houses state-of-the-art laboratories and equipment in which researchers from the University of Regina's Petroleum Engineering Group work alongside SRC scientists and staff.

PTRC's unique partnership of four separate organizations has created a collaborative approach that brings together a broad range of skills and a deep understanding of the petroleum industry from many perspectives. It's a marriage of basic research, applied R & D, government policy and industrial application perspectives that will benefit Saskatchewan in many ways for many years.

Even though it attracts clients from around the world, PTRC has created a series of comprehensive five-year plans for areas of special importance to the petroleum industry in Saskatchewan, including enhanced waterflooding, improved heavy oil recovery, solvent injection for enhanced oil recovery and near-wellbore conformance control.

Focusing on these areas permits PTRC to have the best of both worlds.

"One of our primary objectives is to provide innovative R & D that will benefit Saskatchewan and the development of the petroleum industry in Western Canada," explains Roland Moberg, General Manager of PTRC. "By doing this, we're establishing ourselves as a leader in those core areas and so we're attracting international attention."

Weyburn project making most of resource, tackling environmental issue

The Weyburn Enhanced Oil Recovery project is one of those undertakings in which good science, good environmental outcomes and good economics all meet.

At its Williston Basin oilfield near Weyburn, EnCana Resources has launched Canada's largest enhanced oil recovery project by injecting CO_2 into the field to recover oil which was considered uneconomic using earlier recovery technologies. Using this method, it is anticipated that the field, discovered in 1955, will produce an additional 130 million barrels of oil. The Saskatchewan Research Council has been involved in this project from the beginning, working with the company to ensure the smooth recovery of the resource.

But the Weyburn CO_2 project has another dimension and, likely, more long-lasting benefits than just the positive

economic impact of adding 35% to the amount of oil recovered from the field. It's at this field that an international consortium of scientists and researchers are working together to find new ways to reduce greenhouse gas emissions.

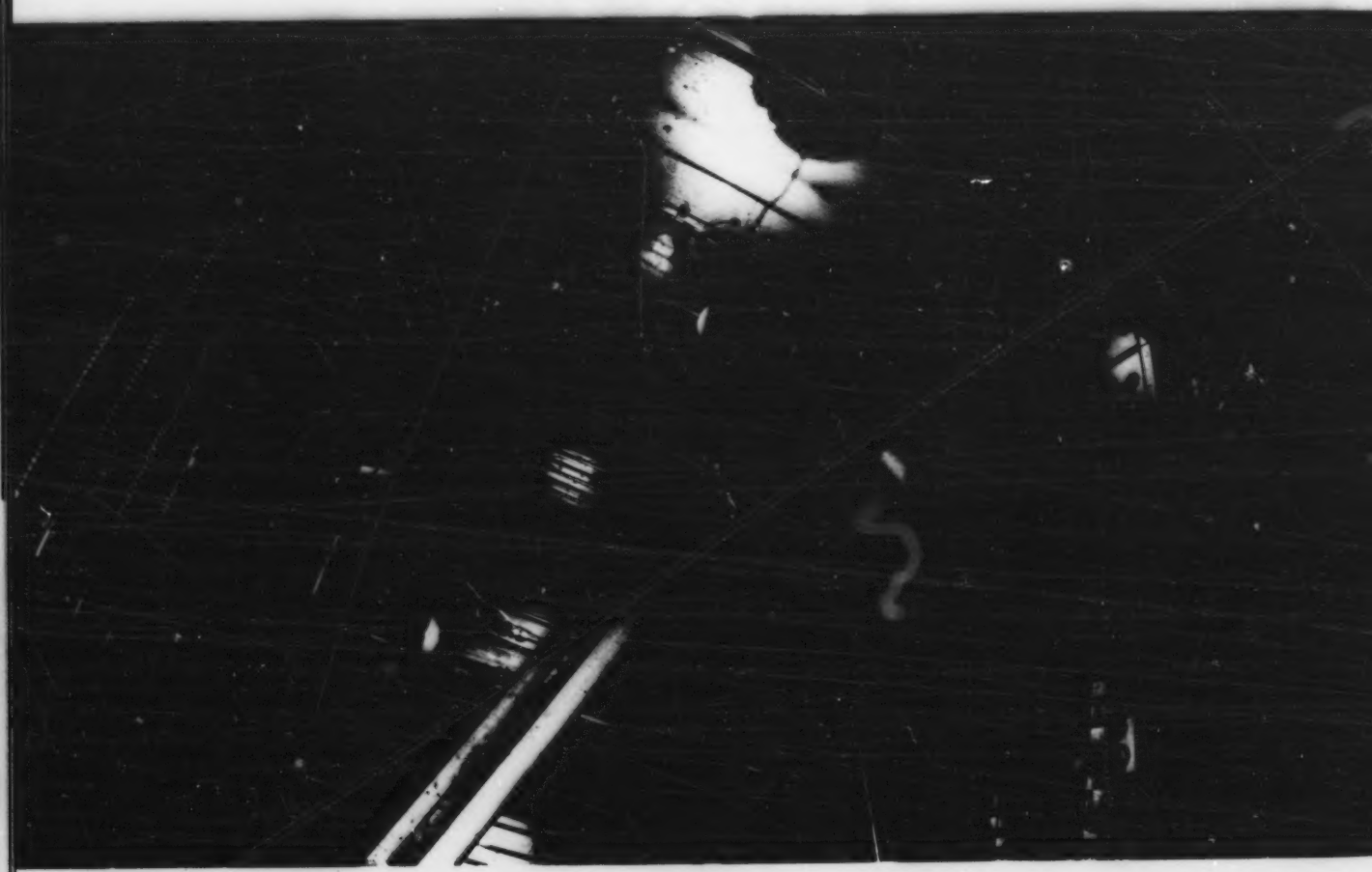
Over the lifespan of the Weyburn project, it is expected that 20 million tonnes of carbon dioxide, supplied by pipeline from the nearby Dakota Gasification Plant, will be pumped into the oilfield. These are greenhouse gases that would otherwise have been released into the atmosphere.

Senior Research Technologist Bart Schnell readies the light oil coreflood apparatus for a test. SRC's well-equipped Gas/Chemical Flooding Laboratory features both light and heavy oil coreflood units to study the oil recovery efficiency of various injection strategies.

The international team, involving the Petroleum Technology Research Centre, is using the Weyburn CO_2 project to learn as much as they can about sequestering greenhouse gases underneath the earth. They are studying the movement of the gas underground, the effects of the geology and virtually every aspect of using CO_2 storage sequestration to reduce greenhouse gas emissions.

"The Weyburn Enhanced Oil Recovery project provides us with an incredible opportunity to study the effects and benefits of CO_2 storage," says Roland Moberg, General Manager of PTRC. "Through the International Energy Agency, we have brought together experts from the public and private sector around the world to learn everything we can about CO_2 storage."

The importance of what's learned by the Weyburn CO_2



project is underscored by the potential economics of greenhouse gas credits as nations prepare to comply with international treaties. The value of oilfields and mines as potential sites for CO_2 sequestration adds considerable value to the resource. At the same time, the Weyburn project will also be crucial to the development of international protocols for the use of underground sites for greenhouse gas storage. It clearly places Saskatchewan at the forefront of adding value to this resource and makes the province a world leader in this area.

"We are certainly dealing with one of the most critical issues of our time," Molberg adds. "What is exciting about this is that we are dealing with a potential solution."

Vapex: Making the most of heavy oil makes the most of Saskatchewan's resource

Increasing the yield from heavy oil reservoirs is an ongoing challenge for companies operating in the Saskatchewan heavy oil patch. Thin reservoirs, those with underlying water, and high viscosity reservoirs, provide particular challenges to the industry, often causing companies to leave oil in the ground that is too expensive to extract. The Vapex engineering project of the Petroleum Technology Research Centre is helping the oil industry meet these challenges.

Vapex stands for vapour extraction, a non-thermal recovery method which uses gaseous solvents to reduce oil viscosity and increase recovery. The Vapex project involves researchers from PTRC, the Alberta Research Council, the National Centre for Upgrading Technology and the Canadian Energy Research Institute along with financial and research support from companies in the oil industry.

"The economics of heavy oil are such that companies in the industry must actively look for ways to get the most from their reservoirs," explains Brian Kristoff, Acting Director, Energy Branch. "This project brought together a team of experts to explore a new way to improve resource recovery."

The project lab-tested the vapour extraction method on two different types of heavy oil reservoirs. Extensive physical modeling and numerical simulation was used to develop a recommended solvent mix over a range of reservoir conditions and oil viscosities. The researchers also made some observations about which types of solvent blends would improve crude quality.

This broad range of information was then applied to each of the reservoir types. Detailed feasibility studies were undertaken that included the design and cost of wells and facilities for a pilot plant and commercial plant for each reservoir. The supply cost economics were calculated for each reservoir application.

"This project was about taking an idea and using science to make it possible," Kristoff says. "Every aspect, from the solvent blend, to the well design, to the refinery properties, was considered and acted upon."

For Saskatchewan, with its huge heavy oil base, this project has provided invaluable information about getting the most from the resource. It has also helped SRC and its partners develop a special knowledge that can be marketed and applied to heavy oil deposits around the world.

SRC Technology to be tested

The Thermal Enhanced Oil Recovery group has tailored an enhanced oil recovery technology for field-testing during the current year. The Steam Crest Oil Resaturation (SCOR) process was developed by SRC specifically to improve the recovery of heavy oil from reservoirs with active bottomwater.

Process Patented

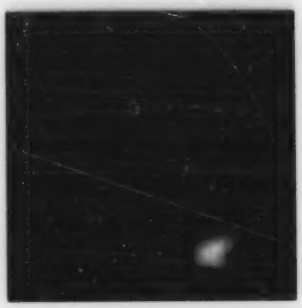
A process developed by SRC and its industry partners recently received a U.S. patent. The process, called "multiple drain method for recovering oil from tar sand", was developed specifically to enhance recovery from the shallow oil sands. Innovations such as this are helping increase the production at Canada's oil sands, with its share of the Canadian crude oil market expected to reach 35% over the next five years. ◆

Environment: Finding solutions and creating opportunities

Environmental issues are often in the headlines.
More importantly, they're also on the minds of the scientists and researchers
of the Saskatchewan Research Council. It's here that solutions are being sought
to issues that come right out of the headlines.
It's here that answers are being found and opportunities created.

SRC Analytical: Providing security for our water supply

When Sask Water wanted to create a database of information about water quality in Saskatchewan, they turned to Saskatchewan Research Council's Analytical Laboratories to help them get the job done.



Over a six-week period in 2001, the Analytical Laboratories worked with Sask Water, on a cost recovery basis, to test more than 1,100 samples of raw and treated water from across Saskatchewan.

According to Brenda Stanek, Inorganics Lab Supervisor at SRC Analytical Laboratories, the project literally doubled the quantity of samples being processed through the lab during that period. SRC was up to the task.

"Each sample was tested for 36 different mineral and bacterial contaminants," she explains. "By using the state-of-the-art equipment in our lab, we were able to process the massive volume of samples in the time required."

Each sample was put through exhaustive tests. When testing for heavy metal concentrations, SRC technologists pump the water sample into a plasma of ionized argon and the temperature is then raised to several thousand degrees. In this high temperature atmosphere, the mineral elements in the water are in an unstable state and emit light at different wavelengths. Equipment sensors detect the light intensity to determine the metal concentrations at the parts per billion level.

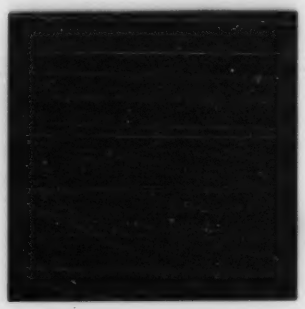
Testing for bacteria is just as extensive. After a chemical compound is added to each sample, the water is incubated at 35 degrees for 24 hours. If bacteria such as coliforms are present, the sample becomes discoloured. When the discoloured sample is studied under a special fluorescent lighting system, the concentration of the contaminants can be determined.

"Whenever our lab finds evidence of *E. coli* or coliform in a sample, we notify the client immediately," Stanek says. " We view the tasks we perform as an oppportunity to use science to contribute to good public health and public service."

SRC's Analytical Laboratories test more than 30,000 water samples each year, from both public and private clients. While the intensive work done during the Sask Water project accounts for just a small fraction of the annual volume, the outcome, a reliable and qualitative database on water quality across the province, could help ensure safer drinking water for Saskatchewan people for many years to come.

Atmospheric flares: Bringing new technology to an old concern

Working with the Canadian petroleum industry, the Saskatchewan Research Council is helping find a way to track - and reduce - sulfur dioxide (SO_2) waste in the atmosphere.



When waste gas from oil and gas drilling sites is burned off, potential pollutants such as SO_2 are usually disposed of cleanly. Occasionally, though, "plumes" fail to burn properly and in some cases pollutants such as sulfur dioxide are released into the atmosphere. In Saskatchewan, with its active oil patch, this has become a pressing issue.

In 2001, the petroleum industry asked SRC to help determine if it is possible to use laser technology to track these plumes.

Dr. Stan Shewchuk, a Section Leader with SRC's Environment Branch, says the project highlights SRC's role as a provider of "innovative contract research."

"This involved a worldwide literature search that saw us collaborating with experts from the UK, Germany, Sweden, Canada and the US, bringing together knowledge from many areas to this specific application," he explains. "Whenever you bring that quality and quantity of research together, the envelope of knowledge is expanded."

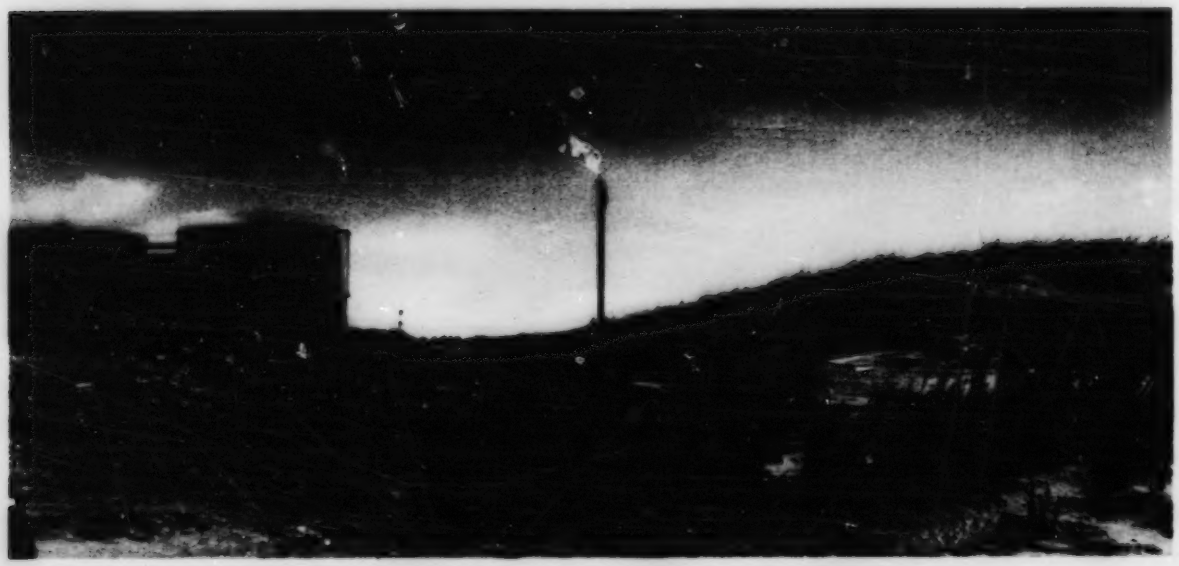
The SRC research has identified an exciting opportunity to develop and apply new technology to a pressing industrial and environmental problem.

Agro-foresty approaches the issue from more than one direction

Each year, research reveals more information about climate change and the impact it will have on every aspect of life on the prairies: from our ability to grow certain crops to the level of water in our rivers and lakes.

As a researcher in SRC's Environment Branch, Mark Johnston spends much of his time dealing with these issues and looking at ways that agro-forestry can be used

Concern about gas flaring has spurred efforts to track movement and to quantify its atmospheric environmental impacts.



to help the prairies adapt to their changing climate.

"There are two central aspects to climate change that we address," Johnston explains. "The first is mitigation – changing our habits to reduce the impact of climate change – and the second is adaptation – changing our habits to reflect the effect of climate change."

As more is learned about climate change, it has become apparent that agro-forestry will play a significant role in both mitigation and adaptation.

"In terms of mitigation, trees clean toxins out of the air, water and soil and act as a climate modifier, keeping us cooler in the summer and warmer in the winter," Johnston says. "We have to find a way of matching these benefits with the economic benefits of a commercial forestry industry in this province. What may develop is an industry based on harvesting wood fibre from diversified farms with smaller stands of timber rather than from traditional forests."

To that end, pilot projects are underway in the Tisdale and Melfort areas, where SRC is working with farmers to develop ways to use forestry to both diversify and protect their investment in their land. These farmers are exploring small-scale agro-forestry at the same time as learning the benefits to climate and moisture retention of expanded tree coverage.

The Environment Branch is also looking at opportunities for the prairies as a "carbon sink". Under the proposed Kyoto Accord and other climate change agreements, nations can use the planting of trees as a legitimate way to take CO_2 out of the atmosphere. Given the vast landscape of the prairies, there is a great deal of potential in this prospect.

The challenges of tomorrow will be met by people who are thinking about the future today. SRC's Environment Branch is not only seeking solutions for Saskatchewan, it is seeking opportunities. ◆

Alley-cropping provides an opportunity to integrate trees and agricultural crops within a single field.

Manufacturing/Value-Added Processing: Adding value to products adds value to Saskatchewan

Adding value to Saskatchewan means making the most out of our resources and using them to their fullest potential. For companies involved in manufacturing, processing and information technology, SRC's expertise is a valued asset. From developing products and designing processes to finding and understanding potential markets, the people of SRC can help.

SRC research helping bring fuel cell and natural gas cars to market

In Canada, the transportation sector is the largest source of greenhouse gas emissions and urban smog. Fuel cell vehicles (FCV) and natural gas vehicles (NGV) represent two of the greatest potential sources of greenhouse gas reduction, offering 85% and 25% reductions respectively.

Making these types of reductions possible means developing fuel cell and natural gas vehicles that are affordable, acceptable and capable of meeting safety standards that consumers have come to expect. SRC is leading a team of experts from across Canada that is meeting these challenges.

The focus of the project has been on the development of intelligent control systems, gas regulators and diagnostic systems used to detect faults in high-pressure storage tanks. These types of technologies can be applied to both NGVs and FCVs.

"Our goal was to develop new technology that would help make fuel cell and natural gas vehicles cost-competitive with conventional vehicles," says SRC's Michael Sulatisky, Project Manager for the initiative. "By achieving this, we have moved a major step closer to making FCVs and NGVs a more realistic choice for Canadian consumers."

The program included public and private sector investors and participants such as Powertech, Charonic, Ballard, General Motors, Alternative Fuel Systems, Dynetek Industries, Natural Resources Canada, the Climate Change Action Fund, Precarn and many others. The team was able to develop the prototype for a diagnostic system for high-pressure storage tanks that uses a low-cost acoustic technique and is capable of detecting damage due to fatigue, sustained load, heat, cuts, gouges, impact and delamination. As a component of this system, they developed a damage detection system that can identify faults, evaluate damage, inform the vehicle operator and take defensive action. The damage control system was demonstrated to car manufacturers and a draft standard was developed to expedite taking the product to market.

"This technology is positioning Canada as a leader in the field," Sulatisky explains. "It will permit the project team to commercialize the technology globally through Canadian manufacturers."

This breakthrough wasn't the only one achieved by the team. A neural control system was developed that will make it much easier for gasoline-fuelled vehicles to use natural gas as an alternative. Advances were also achieved in gas regulator technology which will make it possible to moderate

SRC's Rob Dumont demonstrates how the "house of the future" can reduce energy costs and greenhouse gas emissions.

the supply pressure in hydrogen fuelled vehicles while maintaining accuracy and responsiveness of the system.

Ten patents are under development as a result of work undertaken in this project. Patents have been filed on the electronic regulator, and are under development for the neural control system, the diagnostic system and the damage detection system.

"Addressing the issues of fuel storage, gas regulators and control systems are essential for making gaseous fuels feasible," says Sulatisky. "In the course of this project, we were able to move this a lot closer to reality."

Discussions have taken place with industrial partners to license the new technologies.

Energy and environmental savings just two benefits of the House of the Future

Housing represents approximately 19% of the greenhouse gas emissions in Canada. With world experts on climate change calling for reductions of 50% in the current rate of greenhouse gas emissions, there is clearly an incentive to design a "house of the future" that would be part of the solution.

In a project funded by the Climate Change Action Fund of Natural Resources Canada and the Saskatchewan Home Builders' Association, the Saskatchewan Research Council set out to design such a house.

As a starting point, a team of SRC scientists surveyed a dozen building energy experts across Canada, the US and Great Britain, seeking ideas and options on how to design a house that would use 75% less energy than a house built to the already-efficient R-2000 standards.

"The focus of this survey was on technologies that were reasonable in cost and were not dependent on new technological breakthroughs," explains Rob Dumont, a Section Leader in Manufacturing/Value-Added Processing at SRC. "Our objective was to design a house that was realistic, affordable and, of course, one that someone would want to live in."

With the input from the 12 international experts in hand, SRC's team developed a house design for the Ottawa-

Montreal climate area. The design is for a home of 120 square metres with a basement of equal size.

Using a combination of passive solar design, air-tight construction, superinsulation, active solar water heating, thermal zoning, and low energy lighting and appliances, the very liveable house the team designed achieved the target of being 75% more energy efficient.

"We were very pleased with the results because they show that significant greenhouse gas emission reductions are not just possible, they're easily achievable," Dumont says. "We used no exotic technology and this house design is replicable almost anywhere in Canada."

It is estimated that the incremental cost for building the house would be approximately 10% more expensive than the R-2000 design, adding about $12,000 to the cost of building the house. At current electricity prices, the estimated annual savings would be approximately $1,500 per year, meaning the additional cost would be paid for in eight years.

"This project demonstrated again that energy-efficient housing is easily achievable and will pay large cash dividends to the homeowner," Dumont adds. "Doing the right thing for the environment can also mean doing the right thing for your pocketbook."

In Saskatchewan, with our extremes of temperature, the advances made by this project will provide benefits all year long.

Ethanol: For SRC, it's more than a headline; it's an opportunity

The word ethanol has hit the front pages frequently in the last couple of years, in articles on topics ranging from global climate change to rural economic development to agricultural diversification. Behind these headlines, though, are the years of research, planning and discussion that paved the way for this new opportunity for Saskatchewan. The Saskatchewan Research Council has been a leading participant in that behind the scenes work.

SRC's pioneering work in the late 1990s on the potential for an ethanol industry in Saskatchewan attracted the interest of communities across the province and drew the attention of government. During 2001, a more detailed study of the industry's potential was undertaken.

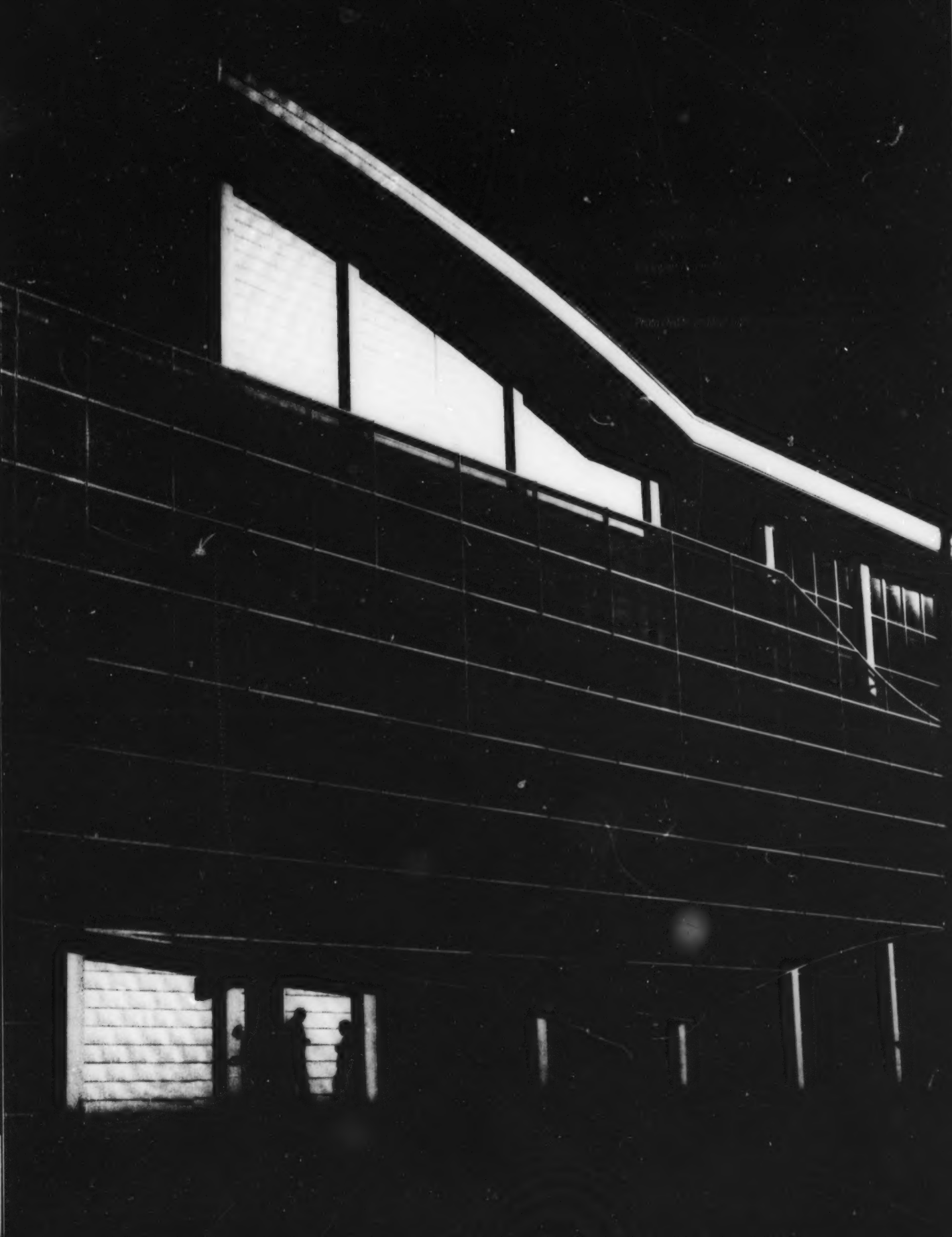
Originally, there were two key areas of focus in the approach to a potential ethanol industry in Saskatchewan: the positive environmental impact and the addition of new markets for agricultural products. Research revealed other potential benefits as well. The part of the grain which isn't used for ethanol production is extremely high in protein and makes excellent feed for cattle. As a result, ethanol production has the potential to augment the growth of cattle and feedlot operations in the province.

"The production of ethanol is just the beginning and can be the start of a green industrialization of Saskatchewan," explains Keith Hutchence, Senior Research Scientist at SRC.

For more than a decade, SRC has been providing expertise, and expanding its knowledge of ethanol production, by working closely with Poundmaker AgVentures, Saskatchewan's first commercial ethanol production and feedlot facility. At Poundmaker, SRC has helped increase the plant's ethanol production while decreasing energy consumption, improving process conditions and refining the byproducts.

Much of SRC's past research has zeroed in on using grain in ethanol production. Considerable work has also been done to advance the possibilities of using other biomass such as flax or wheat straw or forestry waste. Successful ethanol production from grain is seen as a key first step to a broader application.

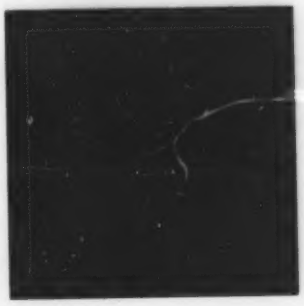
"It makes sense for Saskatchewan to lead in this field," Hutchence says. "The reason you drill for oil in Saudi Arabia is because the resource is there. That's the same reason that we can make ethanol a success in Saskatchewan." ◆



Mining and Minerals: Creating prosperity from the ground up

The creation of wealth and prosperity in Western Canada has been propelled by the successful development and management of our mineral resources, from coal, uranium and the oil sands to diamonds and gold. SRC has been there to help each of these industries in the past and will be a partner to the mineral industry as it builds for the future.

Unlocking the mystery of diamonds' glitter could boost Canada's growing diamond industry



Diamonds have long been the most valued of all gems. With Canada now on the verge of becoming a large-scale exporter of these prized stones, issues surrounding gem origin and purity have never been more relevant.

It was these and other issues that led David Quirt, of the Saskatchewan Research Council's Mineral Exploration Section, to team up with synchrotron researchers from the Canadian Light Source at the University of Saskatchewan. By simply asking the question "What makes a diamond shine?" they opened the door behind which answers to questions about diamond fingerprinting may be found.

The researchers found that the question was being asked from more than one perspective. The mining and processing sector wished to establish a reliable way to determine the presence of diamonds in a stream of heavy mineral concentrate. The retail sector wished to establish ways to determine if a diamond is from a natural or synthetic source. And, perhaps most topically, the diamond industry wished to find out if it was possible to identify the geographical origin of a diamond by using synchrotron technology.

With civil wars and conflicts tearing apart many of the African nations which export diamonds, the term "blood diamond" has entered the modern vocabulary. These are gems sold into the market to raise money for weapons. Establishing a diamond fingerprint would allow jewelers to confidently sell gems with the assurance that they are from South Africa, Canada, Australia or one of the other nations producing non-conflict diamonds.

"There is a real interest all over the world in establishing a way to determine a diamond's fingerprint – a way to identify its source," says Quirt. "Not only are there emotional issues at stake in terms of blood diamonds or synthetic stones, there are very large economic considerations."

Because the Canadian Light Source synchroton is not yet operational, the team undertook its work at the Synchrotron Radiation Center in Madison, Wisconsin, and the Advanced Photon Source of the Argonne National Laboratory in Chicago, Illinois. In order to understand why diamonds from different areas shine

differently, the team examined a selection of stones using the synchrotron light and XEOL (X-ray Excited Optical Luminescence) analyses. These results were then compared to chemical analyses of each diamond's carbon and their trace element composition using synchrotron XANES (X-ray Absorption Near Edge Structure) and XRF (X-Ray Fluorescence) spectroscopy.

"Using these two synchrotron analytical techniques has taught us a great deal about the way diamonds shine," Quirt explains. "They have begun to illuminate the answers to some very fundamental questions."

Improved tailings process for oil sands could have benefits across the mining sector

For many years, companies operating in Canada's oil sands and mining industries have turned to SRC's Pipe Flow Technology Centre for innovative solutions to the challenges of their industries. Today, SRC is working with the oil sands, potash companies, and hard rock mining industries and other partners to find new ways to deal with the amount of waste or "tailings" that mining these resources produces.

The size of the challenge is enormous, but so are the possibilities. A single oil sand plant, for example, will produce about 200 cubic metres of tailings every minute, containing a mixture of water, finely divided solids such as clays and coarser particles such as sand. Using conventional mining methods, these tailings are pumped as a slurry through a pipeline to a surface disposal site, where the coarse solids tend to settle out and are disposed of using land reclamation techniques.

The finer particles, however, present a challenge. These tend to run off with the water into collection ponds. Given the high volume of tailings, these particles accumulate at a very high rate and the collection ponds expand rapidly. These tailings ponds must be managed in perpetuity unless viable reclamation techniques are developed.

Finding ways to reduce reliance on these ponds is a priority for the industry with possible applications across the mining industries. SRC is helping to find a solution.

"If the tailings can be altered so that the fine solids remain attached to the coarse particles instead of running off, then the mining industry can change the way tailings are dealt with entirely," explains Dr. Randy Gillies, Manager of the Pipe Flow Technology Centre. "Instead of these ponds and their associated environmental concerns, mine backfill operations could be used for permanent storage of the total tailings stream."

Changing the composition of a tailings stream in order to keep the fine and coarse solids together results in the creation of a thick, paste-like mixture. Through its Paste Flow project, working with nine clients, SRC studied the pipe flow and pumping characteristics of various tailings mixtures and considered new pipeline system designs.

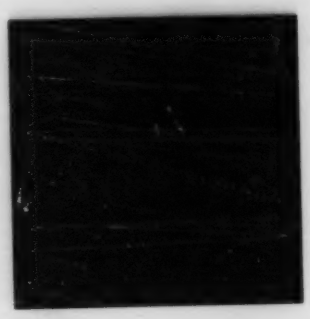
The knowledge gained will be applied to similar improvements in mining and other sectors in the province.

"This has the potential to be a very positive development for the oil sands and mining industries," Gillies says. "Reducing waste and changing the way it's managed will have a positive impact across a number of resource sectors." ◆

SRC's commitment to the Saskatchewan Community

Saskatchewan Research Council is proud of the ways it contributes to Saskatchewan's prosperity. Through innovation, service and education, SRC helps clients achieve their goals every day. More importantly, though, SRC also has its eyes on the future and on generating prosperity in the years ahead. That's why we play such an active role in the life of the Saskatchewan community.

SRC's high school partnership: making a difference now and in the future



Since 1986, SRC has been an active participant in the Partners in Education Program of the Saskatoon Catholic School Board, introducing the opportunities of science and technology to literally thousands of high school students.

SRC has developed a special partnership with Saskatoon's Bishop James Mahoney High School and each year sponsors their basketball team and provides two $400 scholarships. As well, SRC's scientists and engineers have become familiar faces at the school, regularly visiting classes to talk about science and technology and providing students with a valuable information resource.

Highlighting this remarkable partnership, though, is the mentorship program which has developed between the school and SRC.

Each year, six of the school's science and math students are chosen to participate in the program and become actively involved in life at SRC. For four months, the students spend a day each week at SRC working with staff on a series of special projects.

In the past few years, the students have researched and written the SRC publication "Career Clips", an SRC recruiting publication. The students interview SRC scientists, technologists and other staff and design the 8-page publication, gearing it to their own peers who may be considering a career in science. The end result is a professional, quality product that answers many of the questions that young people are likely to ask.

One program participant is selected each year to work at SRC for the summer months, as well.

"Working with these students provides a real benefit for SRC, as well as for the students," explains Wendy Lawrence, Section Leader in Human Resources. "This is an opportunity to work with the leaders of the future, to show them the opportunities that exist in Saskatchewan and have them teach us how to show those opportunities to their friends and peers. This is about keeping our brightest young people here in the province."

Forefront Design: Giving students the opportunity to succeed

SRC takes its role as a mentor to some of Saskatchewan's brightest young minds seriously. There is no better example of this commitment than the Forefront Design initiative.

Forefront Design Inc. is a University of Saskatchewan company created by the College of Engineering and staffed entirely by students. SRC assists Forefront by providing office space in the summer months, mentorship, some project funding, and a member on the company's advisory board. The office space is strategically located alongside SRC staff working in product development to facilitate interaction with more experienced people while exploring the opportunities that arise when engineering meets the entrepreneurial spirit.

Students who participate spend the four months working

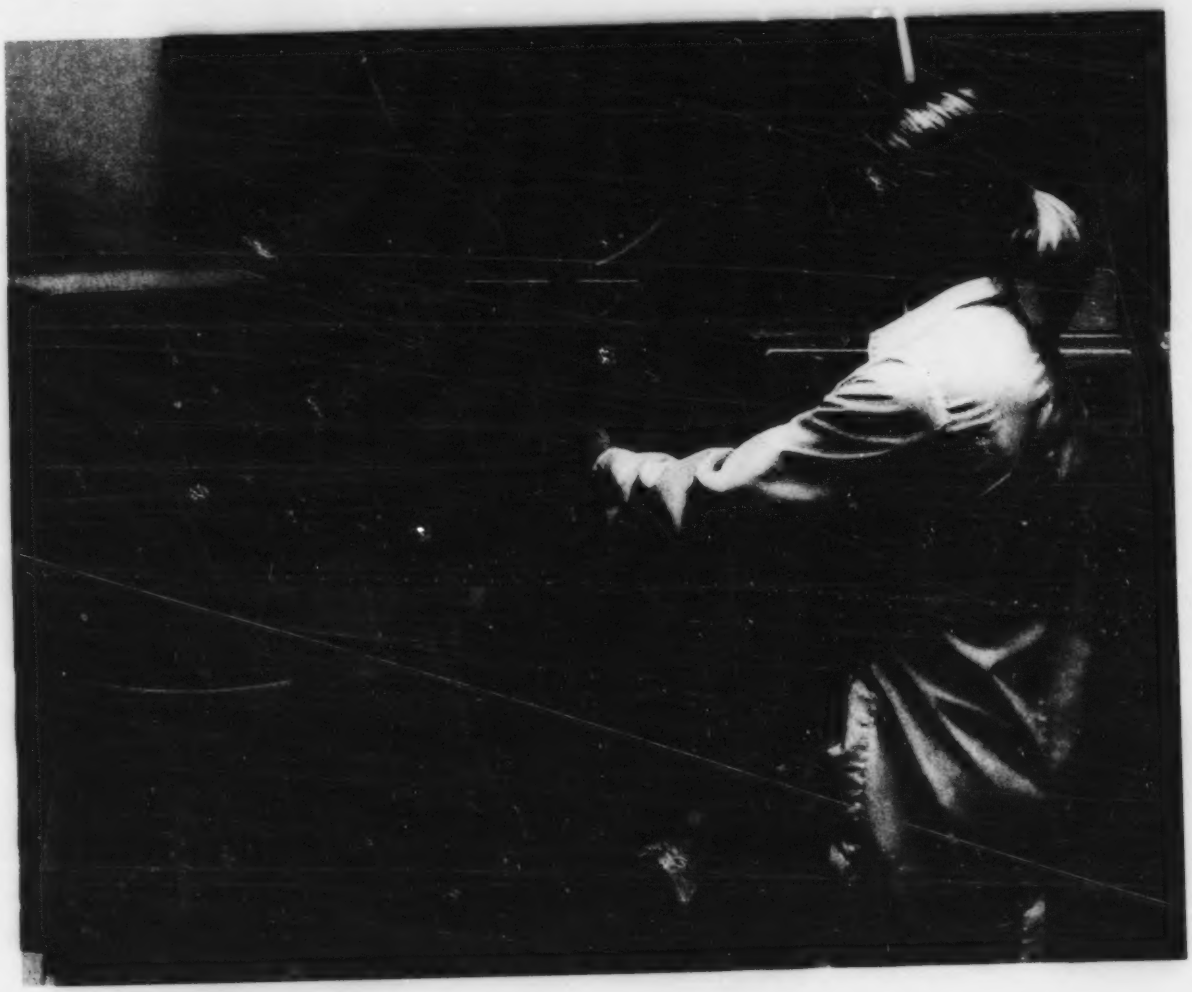
to bring a new product to market. In most cases, the product is one that's been designed by the student, although occasionally, a private company will participate in the program in order to have a Forefront student act upon a company-generated idea for a new product.

These students gain an understanding of every aspect of taking a product from the idea stage to the market, from developing prototypes and patents to learning about the manufacturing processes, market research, creating a business plan and even running a focus group.

"We hope that this is an incubator for the successful Saskatchewan businesses of the future," says SRC's David Grier, Director of Manufacturing and Value-Added Processing and Forefront Advisory Board member. "We have three goals: to give the students experience in the process of developing a product; to introduce them to the potential that life as an entrepreneur could bring, and, hopefully see one or some of the projects being worked on become the seed that grows into a new business."

Because most of the participants are third-year students, many of them pursue the work they started with Forefront Design during their fourth year. One 2001 participant used the school year to further refine his design for an improved

Technology-in-Action award recipient, Jennifer Cooney, works in the lab at Millar Western Pulp Mill in Meadow Lake.



calf puller for farming operations. Another worked with a private company on an innovative construction equipment safety device.

SRC was joined by the Industrial Research and Assistance Program (IRAP), TecMark, Human Resources Development Canada and UofS alumni in providing funding to Forefront.

"We hope that this experience opens their eyes to the fact that engineering graduates don't have to leave the province to go to work for some big company," explains Bernie Zuk, Technology Advisor with IRAP, who works closely with the students. "This is about keeping Saskatchewan graduates in Saskatchewan, maybe creating their own company and manufacturing their products right here."

It's what mentorship is all about. SRC takes that role seriously.

Technology-in-Action Awards: Helping to write Saskatchewan success stories

SRC encouraged two more Saskatchewan success stories in the last year by making two awards through its Technology-in-Action (TIA) Award program.

Former Saskatchewan Institute of Applied Science and Technology (SIAST) student Jennifer Cooney was the first winner of the SRC Technology-in-Action Award for students, winning a $2,500 scholarship.

Ms Cooney received the award for a project which was undertaken while she was a Chemical Technology student at SIAST. It involved reducing the scalings in the zero effluent system used in pulping at the Millar Western Pulp Mill in Meadow Lake. Her initial investigation yielded encouraging results and she is now employed as a chemical technologist at the mill.

The SRC Technology-in-Action scholarship program was initiated in 2001 following the receipt of a generous donation from the late Ian Wahn. The program is designed to support Saskatchewan students who use science and technology to develop innovative, practical solutions to Saskatchewan challenges. The scholarship is available to any Saskatchewan student in their final year of study in a degree or certificate program at SIAST, SIIT, the U of S or the U of R. A total of $10,000 can be awarded each year.

In SRC's parallel awards program for businesses called the Technology-in-Action Award for Entrepreneurs, DDC Technologies of Rocanville received a $10,000 award to support the development of its Shock Stop device.

Developed by DDC's Don Green, the Shock Stop is an innovative industrial safety equipment design that prevents electrical shocks to users of arc welding equipment. DDC is using the TIA award to develop product patents in Canada, the United States and Australia.

Both aspects of the TIA award program demonstrate SRC's commitment to fully developing Saskatchewan's innovation potential. ◆

Ian Wahn

Report of Management

Year Ended March 31, 2002

The accompanying financial statements are the responsibility of the management of the Saskatchewan Research Council. They have been prepared in accordance with Canadian generally accepted accounting principles, using management's best estimates and judgements, where appropriate.

Management is responsible for the reliability and integrity of the financial statements, the notes to the financial statements, and other financial information contained in this report. Management is also responsible for maintaining a system of internal controls, policies and procedures designed to provide reasonable assurance that assets are safeguarded and that accounting systems provide timely, accurate and reliable financial information.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control. The Board is assisted in exercising its responsibilities through the Audit/Finance Committee, which is composed of four non-management directors and one management director. The Committee meets periodically with management to satisfy itself that management's responsibilities are properly discharged, to review the financial statements and to recommend approval of the financial statements to the Board.

The Provincial Auditor of Saskatchewan has audited the Council's financial statements in accordance with Canadian generally accepted auditing standards and his report follows.

Laurier Schramm
President and CEO

Crystal Smudy, CA
Chief Financial Officer

Consolidated Financial Statements

For the Year Ended March 31, 2002

AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan.

I have audited the consolidated balance sheet of the Saskatchewan Research Council as at March 31, 2002 and the consolidated statements of operations and retained earnings and cash flows for the year then ended. The Council's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these consolidated financial statements, present fairly, in all material respects, the financial position of the Council as at March 31, 2002 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Regina, Saskatchewan
May 16, 2002

Fred Wendel, CMA, CA
Provincial Auditor

Consolidated Balance Sheet

As At March 31

(Thousands of dollars)

Statement 1

	2002	2001
Assets		
Current assets:		
Accounts receivable	$ 2,754	$ 2,985
Prepaid expenses	580	234
	3,334	3,219
Non-current assets:		
Accrued benefit asset (Note 3)	488	365
Restricted investment (Note 4)	533	527
Capital assets (Note 5)	7,194	7,453
	$ 11,549	$ 11,564
Liabilities and Province's Equity		
Current liabilities:		
Bank indebtedness (Note 6)	$ 924	$ 1,098
Accounts payable	1,053	1,206
Unearned revenue	1,065	1,175
Deferred revenue (Note 7)	399	399
Salaries and wages payable	276	344
Vacation payable	126	138
	3,843	4,360
Non-current liabilities:		
Sick leave benefits payable	335	376
Accrual for decommissioning (Note 8)	1,062	967
Deferred revenue (Note 7)	2,054	2,453
	7,294	8,156
Province's equity:		
Retained earnings - unappropriated (Statement 2)	3,722	2,881
Retained earnings - appropriated (Note 4)	533	527
	4,255	3,408
	$ 11,549	$ 11,564

(See accompanying notes to the financial statements)

Consolidated Statement of Operations and Retained Earnings

Year Ended March 31

(Thousands of dollars)

Statement 2

	2002 (Note 12)	2001 (Note 12)
Revenue:		
Contracts	$ 11,746	$ 12,134
Grant - General Revenue Fund	8,371	9,172
Grant - Agri-Food Innovation Fund (Note 7)	399	399
Interest revenue	129	107
	20,645	21,812
Expenses:		
Salaries and benefits	10,076	9,771
Supplies and services	4,899	5,938
Accommodation charges	4,315	3,890
Amortization of capital assets	1,154	1,155
Amortization of Agri-Food Innovation Fund funded assets (Note 7)	399	399
	20,843	21,153
Net (loss)/income from operations	(198)	659
Defined benefit pension plan revenue (expense) (Note 3)	123	(401)
Net (loss)/income	(75)	258
Retained earnings - unappropriated, beginning of year	2,881	2,613
Contributed Surplus (Note 11)	922	0
Change in appropriated amount during year (Note 4)	(6)	10
Retained earnings - unappropriated, end of year - to Statement 1	$ 3,722	$ 2,881

(See accompanying notes to the financial statements)

Consolidated Statement of Cash Flows

Year Ended March 31

(Thousands of dollars)

Statement 3

	2002	2001
Cash flows from operating activities:		
Cash receipts from contracts	$ 11,926	$ 11,850
Cash receipts from General Revenue Fund	8,306	9,172
Cash paid to suppliers and employees	(19,871)	(18,985)
Interest received	123	107
Interest paid	(4)	(10)
Cash flows from operating activities	480	2,134
Cash flows from investing:		
Purchase of capital assets	(1,315)	(2,016)
Proceeds from sale of capital assets	1,009	2
Cash flows used in investment activities	(306)	(2,014)
Net increase in cash and cash equivalents	174	120
Cash and cash equivalents, beginning of year	(1,098)	(1,218)
Cash and cash equivalents, end of year	$ (924)	$ (1,098)
Represented by:		
Bank indebtedness	$ (924)	$ (1,098)

(See accompanying notes to the financial statements)

Notes to the Consolidated Financial Statements
March 31, 2002

1. Status of Saskatchewan Research Council

Saskatchewan Research Council ("the Council") was established pursuant to Section 3 of *The Research Council Act* for the purpose of research and investigation in the fields of the physical sciences, pure and applied, as they affect the economy of the Province of Saskatchewan. The Council is a body corporate which receives monies appropriated by the Legislature for these purposes. It is also empowered to conduct research under contract for others and to receive financial assistance pursuant to agreements with other similar agencies.

2. Summary of Accounting Policies

The financial statements are prepared in accordance with Canadian generally accepted accounting principles. The following accounting principles are considered to be significant:

a) Consolidation Principles and Basis of Presentation

The accounts of TecMark International Commercialization Inc., a wholly owned subsidiary of the Saskatchewan Research Council, are consolidated in these financial statements.

The Council's proportionate share of the assets, liabilities, revenues, expenses and cash flows of a joint venture with Bova-Can Parentage Testing Inc. are included in these financial statements.

b) Accrual Basis

The financial statements are prepared on the accrual basis of accounting.

c) Revenue Recognition

Revenue from the majority of contract work is recognized on the percentage-of-completion method, which recognizes revenue as a contract progresses. Unbilled revenues are accrued to the year-end for these contracts, while pre-billed revenues received are classified as unearned revenue.

Grants from the General Revenue Fund are unrestricted in nature and recognized when they are received, or receivable.

Other contributions that are restricted for a specified use are deferred and are recognized as revenue when the related expenses are incurred.

Agri-Food Innovation Fund revenue is recognized at the same rate as the assets are put in use and amortized.

d) Capital Assets

The assets of the Council are initially recorded at cost, including labour, material and overhead for self-constructed assets.

Amortization of capital assets is provided over the estimated useful lives of the assets on the following basis:

i) Sum-of-the-years'-digits method

Buildings	20 years
Equipment	5-10 years

ii) Declining balance method

Automotive	33 1/3%

iii) Straight-line

Goodwill	5 years
Leaseholds	9 years
Fermentation and GenServe Equipment	10 years

e) Accrued Vacation Credits

The costs associated with vacation credits are recognized when the vacation entitlements are earned. The value of credits earned to the year-end but not taken is reflected as a liability.

f) Sick Leave Benefits

The Council allowed unused sick leave credits to accumulate over the term of employment for each employee to March 31, 1998. The costs associated with these sick leave benefits are recognized when benefits are earned and accumulated by employees at a rate of 10% of the unused accumulated value of credits earned.

The practice of accumulating sick leave credits for 10% payout ceased effective April 1, 1998. Upon termination of employment the Council pays out 10% of the accumulated unused sick leave credits to March 31, 1998, based on the wage rate in effect at March 31, 1998.

g) Accrual for Decommissioning

The Council accrues the liability for future decommissioning and site restoration costs when the likelihood of incidence is established and such costs can be reasonably determined. Annual provisions for estimated future asset decommissioning and site restoration costs, less any residual or salvage value, are charged to Supplies and Services expense over the remaining service lives of the related capital assets. These cost estimates are revised periodically in accordance with changes in the assumptions and estimates underlying the calculations, with changes in technology, with experience arising from the decommissioning of capital assets, and with changes in applicable legislation and regulations.

h) Restricted Investment

The investment is comprised of deposits in units in a balanced mutual fund managed by a professional investment manager. The balanced mutual fund has no fixed interest rate, and the return is based on the performance of the fund. Additional units in the mutual fund are acquired when distributions are made by the fund. Cash dividends are not paid by the fund; however, investors can realize changes in the underlying unit values by redeeming units.

Units in the mutual fund are recorded in the accounts at their net asset value per unit. Net asset value per unit is the market value of the investments in the fund portfolio divided by the total number of outstanding units in that fund. The adjustment necessary to record units at their net asset value at the year-end is included in interest revenue.

3. Accrued Benefit Asset - Pension Plan

The Council maintains a Pension Plan for its employees. Until December 31, 1990, it was a defined benefit plan. Effective January 1, 1991, the Plan was changed to a defined contribution plan. The changes do not affect existing pensioners who will continue to receive benefits as granted. The latest actuarial valuation was updated as at January 1, 2002. The Pension Plan has been valued using the administrator's best estimates.

The defined contribution plan had a market value of $17,917,798 (2000 - $21,158,587) at December 31, 2001. The value of the defined contribution plan assets and liabilities has not been extrapolated from December 31 to March 31. By design, the assets will always equal the liabilities of a defined contribution plan.

The defined benefit plan has been extrapolated from the January 1 actuarial valuation to March 31. The financial position of the defined benefit plan is as follows:

	2002	2001
	(000's)	(000's)
Defined benefit asset at market value, January 1	$ 3,306	$ 3,847
Net change in asset value	(63)	(354)
Asset value, extrapolated to March 31	3,243	3,493
Defined benefit obligation at January 1	2,801	3,174
Net change in obligation	(46)	(46)
Obligation, extrapolated to March 31	2,755	3,128
Accrued benefit asset, March 31	$ 488	$ 365

Upon termination of the Plan, any Accrued benefit asset of the Pension Fund remaining, after discharging all liabilities, shall belong to the Council. The Accrued benefit asset may be distributed in a manner to be determined by the Council, at its sole discretion, after receiving prior approval in accordance with *The Pension Benefits Act, 1992*, the *Income Tax Act (Canada)* and the regulations thereunder.

The Defined benefit pension plan revenue of $123,000 (2001 expense - $400,588) is the year over year change in the Accrued benefit asset. The Defined contribution pension plan expense (employer contributions) for the year was $469,751 (2001 - $ 475,770). The benefits paid from the Defined benefit pension plan during the year was $377,804 (2001 - $435,434).

4. Restricted Investment

Restricted investment represents the Technology-in-Action Fund ("Fund"), which was established by the Council in 1994 when Mr. Ian Wahn made a gift to the Council, an agent of the Crown. The Fund was established to help the people of Saskatchewan develop their province as a highly skilled, fair, desirable and compassionate society with a secure environment through research, development and the transfer of innovative scientific and technological solutions, applications and services. The Council received a binding ruling from CCRA that accepts this as a "Gift to the Crown". The Council will maintain a separate account of the capital contributions and all investment income earned.

The balance of the fund at March 31 is as follows:

	2002	Change	2001
	(000's)	(000's)	(000's)
Capital contributions	$ 504	$ 0	$ 504
Investment earnings	111	23	88
Technology grants	(82)	(17)	(65)
Total	$ 533	$ 6	$ 527

5. Capital Assets

	2002			2001
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
	(000's)	(000's)	(000's)	(000's)
Buildings	$ 676	$ 329	$ 347	$ 13
Leaseholds	3,376	1,728	1,648	1,778
Equipment	15,259	12,524	2,735	2,791
Automotive	146	146	0	0
Goodwill	35	35	0	7
Fermentation Facility	3,370	1,311	2,059	2,403
GenServe Equipment	563	169	394	450
Land	11	0	11	11
	$ 23,436	$ 16,242	$ 7,194	$ 7,453

Included in the cost and net book value of equipment is $305,660 (2001 - $178,416) of assets that were not amortized because they were not ready for use.

6. Bank Indebtedness

The Council was authorized by the Minister of Finance to establish a line of credit not to exceed $5,100,000. There is an assignment of the accounts receivable as collateral for bank indebtedness. Interest is charged on the line of credit at the Bank of Montreal prime rate.

7. Deferred Revenue – GenServe Equipment and Fermentation Facility

The Council received contributions for certain capital assets, which it records as deferred revenue until such time as the assets are put in use and amortized.

The total amount of Deferred revenue is $2,450,000 (2001 - $2,850,000). During the year the Council recorded $399,483 (GenServe $56,231 and Fermentation $343,252; 2001 - $56,231 and $343,252 respectively) as revenue based on the amortization of the related capital assets.

The long-term portion, $2,053,888 (GenServe $337,386 and Fermentation $1,716,502; 2001 - $393,617 and $2,059,754 respectively), represents AFIF monies used to purchase capital assets that will be recognized as revenue at the same rate that the assets are amortized.

8. Accrual for Decommissioning

The Canadian Nuclear Safety Commission (CNSC) licensing conditions require that SLOWPOKE reactor owners have in place a decommissioning plan and a financial plan to cover the associated costs.

The Council estimates decommissioning costs will be in the range of $900,000 to $1,540,000.

In the Council's best estimate, the revised costs of decommissioning will be close to the high end of the range. The increase in the estimate is related to disposal costs. As at March 31, 2002, $1,062,500 (2001 - $967,000) was accrued for decommissioning costs.

9. TecMark Inc.

TecMark International Commercialization Inc. ("TecMark") was incorporated under *The Business Corporations Act (Saskatchewan)* on October 9, 1996, as a wholly owned subsidiary of the Council. The purpose of the Corporation is to assist in the commercialization of technology for inventors, entrepreneurs and partner institutions in the Province of Saskatchewan.

Supplies and Services includes $20,148 (2001 - $38,541) in connection with projects undertaken by TecMark. All these projects are funded by SRC.

10. Joint Venture

Effective February 1, 1997, the Council entered into a 50 percent ownership joint venture with Bova-Can Parentage Testing Inc. The agreement was renewed June 1, 2001, for an additional five years. The agreement provides Bova-Can Laboratories with access to all animal lists and history, and the genotyping market. Upon termination of this agreement, SRC agrees to provide to each breed association, upon

request, a copy of their complete database of genotypes, access to, and control over samples from the DNA bank. Bova-Can Parentage Testing Inc. will receive 50% of the net assets.

The Council's pro-rata share of its interest in the joint venture is as follows:

	2002 (000's)	2001 (000's)
Current Assets	$ 155	$ 107
Long-term Assets	45	80
Current Liabilities	27	24
Long-term Liabilities	6	6
Revenue	493	496
Expenses	483	515
Net Income	10	(19)
Cash flows resulting from operating activities	69	29
Cash flows resulting from investing activities	(9)	(17)

11. Related Party Transactions

Included in these financial statements are transactions with various Saskatchewan Crown corporations, departments, agencies, boards and commissions related to the Council by virtue of common control by the Government of Saskatchewan and non-Crown corporations and enterprises subject to joint control and significant influence by the Government of Saskatchewan (collectively referred to as "related parties").

Routine operating transactions with related parties are settled at prevailing market prices under normal trade terms except for the following:

During the year, the Council paid $3.8 million (2001 - $3.4 million) to the Saskatchewan Property Management Corporation (SPMC) and Saskatchewan Opportunities Corporation (SOCO) for accommodation charges on buildings. At year-end, SRC has lease commitments with SOCO requiring minimum lease payments of:

2003	$1.0 million
2004	1.0 million
2005	1.0 million
2006	0.2 million
2007	0.0 million

In 2002, the Council purchased supplies and services for $1.7million (2001 - $0.5 million) from related parties.

During the year, the Council entered into fee-for-service contracts for $1.8 million (2001 - $1.1 million) with related parties, of which $0.5 million remains in accounts receivable as at March 31, 2002. The Council has $2.4 million (2001 - $2.8 million) of deferred revenue from related parties as at March 31, 2002. Of the $2.4 million, $2.0 million (2001 - $2.4 million) is related to the Fermentation Facility's funding from AFIF and $0.4 million (2001 - $.4 million) is related to the GenServe funding from AFIF.

The Council sold a building, with a carrying value of zero, to the University of Saskatchewan, a related party, for $1.0 million. The gain, net of decommissioning expenses, has been reported as Contributed Surplus.

During the year, the Council provided general administrative services to the Saskatchewan Research Council Employees' Pension Plan without charge.

Other transactions with related parties and amounts due to/from them are described separately in the financial statements and the notes thereto.

12. Comparison of Planned and Actual Results

A comparison of actual to budgeted results for each line item on the income statement follows:

	Actual 2002	Budget 2002	Actual 2001	Budget 2001
	(000's)	(000's)	(000's)	(000's)
Revenue:				
Contracts	$ 11,746	$ 13,065	$ 12,134	$ 12,369
Grant - General Revenue Fund	8,371	8,455	9,172	8,742
Grants - AFIF	399	398	399	433
Interest revenue	129	110	107	50
	20,645	22,028	21,812	21,594
Expenses:				
Salaries and benefits	10,076	10,154	9,771	10,107
Supplies and services	4,899	6,192	5,938	5,997
Accomodation charges	4,315	4,130	3,890	4,113
Amortization of capital assets	1,154	1,150	1,155	945
Amortization of AFIF funded assets	399	398	399	433
	20,843	22,024	21,153	21,595
Net (loss)/income from operations	(198)	4	659	(1)
Defined Benefit penion plan revenue (expense)	123	0	(401)	0
Net (loss)/income	$ (75)	$ 4	$ 258	$ (1)

13. Expenses by Program

Program	Actual 2002	Budget 2002	Actual 2001	Budget 2001
	(000's)	(000's)	(000's)	(000's)
Research & Technology	$ 15,001	$ 15,701	$ 15,543	$ 15,655
Laboratory Services	5,842	6,323	5,610	5,940
Total	$ 20,843	$ 22,024	$ 21,153	$ 21,595

Administrative services have been allocated to each program based on a percentage of labour. Space costs have been allocated to each program based on an estimate of square footage occupied.

14. Financial Instruments

The Council's significant financial instruments consist of accounts receivable, accounts payable and the bank indebtedness (line of credit).

Credit Risk:
The Council is exposed to credit risk from the potential default of customers. However, the majority of the Council's receivables are from related parties, other government agencies and reputable, long-standing corporate clients. Therefore the credit risk is minimal.

Fair Values:
The fair values of the accounts receivable, accounts payable and bank indebtedness approximate their carrying value due to the short-term nature of these instruments.

15. Comparative Figures

Certain of the 2001 financial statement balances have been reclassified to conform with presentation of the 2002 figures.

Saskatchewan Research Council: Core Values

At SRC we value Integrity, Teamwork, Performance Excellence and Learning

Integrity

- We treat people with respect, fairness, honesty, patience, understanding and trust
- We are an equal opportunity employer and respect diversity
- We are a responsible corporate citizen committed to the health and safety of people and the environment
- We practice high ethical and professional standards

Teamwork

- We are committed to achieving common goals through teamwork
- We collaborate, listen and share information within SRC and with our partners
- We consistently present a total corporate image
- We participate actively within our networks to the benefit of clients, colleagues and the community

Performance Excellence

- We are a financially responsible organization
- We lead by example. We are accountable for our actions, successes and failures
- We establish and communicate clear expectations for staff, clients and partners
- We recognize the accomplishments of others (colleagues, clients, the organization as a whole)
- We actively seek new clients and strive to retain existing clients
- We demonstrate our commitment to clients by keeping lines of communication open, providing quality products and services and delivering on time and within budget

Learning

- We facilitate and acknowledge personal and professional growth
- We strive to achieve excellence through innovation and continuous improvement
- We develop or acquire appropriate knowledge as needed to achieve excellent solutions for our clients and partners
- We learn from our successes and our failures

SRC

technology is our business

125 - 15 Innovation Boulevard · Saskatoon · Saskatchewan · Canada · S7N 2X8

(Original) · 6 Research Drive · Regina · Saskatchewan · Canada · S4S 7J7

Toll-free outside Saskatchewan: 1-800-[illegible]

Saskatchewan Research Council

2001-2002 Annual Report

Supplementary Information
(unaudited)

Details of Revenue and Expense

Saskatchewan Research Council (Vote 35)
(Subvote SR01)

Mission Statement
The Saskatchewan Research Council's (SRC) mission is to help the people of Saskatchewan strengthen the economy with quality jobs and a secure environment. We do it through research, development, and the transfer of innovative scientific and technological solutions, applications and services.

SRC creates wealth through the responsible application of science and technology to assist Saskatchewan industry to be globally competitive.

Transfers
All expenses paid from this vote were transfers to the Saskatchewan Research Council.

Saskatchewan Research Council (Subvote SR01)	$ 8,371,000

This program provides funding for the Saskatchewan Research Council:

Revenue:		
Contracts		$ 11,746,000
Grants - General Revenue Fund		8,371,000
Grants - Agri-Food Innovation Fund		399,000
Bank interest revenue		129,000
		$ 20,645,000
Expense:		
Personal services	8,772,000	
Travel	626,000	
Transfers	0	
Supplier payments	5,577,000	
Purchase of capital assets	1,315,000	
Difference between cash purchases and amortization of capital assets	238,000	
Accommodation charges	4,315,000	20,843,000
Net loss from operations		$ (198,000)
Defined benefit pension plan revenue		123,000
Net loss		$ (75,000)

Details of expenses

Personal Services

Unaudited list of individuals who received payments for salaries, wages, honorariums, and severances, etc. which total $2,500 or more. Includes all severance costs paid to individuals, includes bonuses paid in May 2001 and excludes salaries or bonuses accrual at March 31, 2002 which were not paid out.

	$			
Andres, K.		8,894	Freitag, N.	73,821
Annesley, I.		63,702	Fusick, J.	4,741
Archibald, P.		33,171	Gagnon, D.	21,167
Ashton, R.		34,313	Gartner, B.	49,947
Babich, K.		40,629	George, C.	9,174
Baldoza, N.		17,761	Gerwing, V.	43,066
Beaulieu, C.		36,729	Giesinger, J.	37,401
Beazley, D.		11,057	Gillies, R.	83,542
Begrand, R.		43,001	Gipman, K.	13,310
Bekkaoui, F.		65,542	Godwin, B.	46,766
Bell, B.		31,986	Gorgchuck, L.	38,346
Bengtson, M.		6,528	Green, M.	24,924
Betteridge, D.		3,724	Grier, D.	93,164
Bouvier, R.		7,229	Gutek, M.	22,442
Bradley, T.		66,264	Hamoline, M.	6,390
Brown, G.		91,108	Hannah, B.	28,923
Brown, W.		46,530	Hanson, K.	4,566
Bryson, J.		4,861	Haskey, J.	42,625
Buhl, R.		23,460	Hebig, L.	35,038
Chan, K.		27,916	Heskin, M.	33,932
Chorney, D.		50,885	Hildebrandt, K.	10,407
Chrusch, J.		22,483	Hill, K.	61,915
Chrusch, L.		36,187	Hill, S.	62,612
Chung, E.		72,199	Hollmann, U.	36,970
Collins, J.		3,865	Holmes, A.	9,803
Cooney, J.		3,847	Holsten, A.	70,441
Crawford, V.		26,400	Horn, E.	33,251
Crone, L.		23,199	Horychun, D.	17,940
Cutts, S.		33,456	Hrysak, L.	23,273
Derry, L.		26,491	Huang, S.	84,119
Diakow, P.		27,482	Hudym, C.	31,805
Dick, R.		58,630	Huntley, F.	33,562
Dickinson, J.		17,931	Hutch, J.	5,220
Dishaw, J.		6,037	Hutchence, K.	67,916
Doerksen, K.		9,318	Jackson, A.	46,673
Dong, G.		6,881	Jackson, C.	44,032
Dong, M.		21,195	Jahren, R.	49,726
Drader, G.		35,402	Jaworski, E.	46,281
Dumont, R.		78,264	Johnson, G.	6,482
Dyck, J.		129,901	Johnston, M.	69,633
Edmison, T.		31,498	Jones, J.	52,420
Elder, D.		12,090	Kalyniuk, C.	20,911
Evans, J.		25,568	Kaminski, T.	64,604
Evans, V.		42,639	Kennedy, R.	8,015
Exelby, R.		51,624	Ketterer, T.	57,195
Fahri, M.		42,192	Khosla, I.	28,697
Fan, H.		31,196	Knops, C.	30,510
Fedyk, R.		29,007	Kosteniuk, S.	26,588
Fletcher, S.		16,617	Kostiuk, T.	29,123
Folk, B.		21,308	Kristoff, B.	83,052

Personal Services - Continued

Kunstmann, L.	32,768	Pinch, K.	6,147
Kunz, L.	18,007	Plante, Y.	72,208
Kurucz, L.	55,788	Polanski, D.	26,867
Lang, K.	45,239	Polishchuk, L.	37,177
Lawrence, W.	60,482	Powell, V.	10,641
Leislar, T.	31,500	Quirt, D.	57,379
Lennox, E.	37,637	Radchenko, I.	37,361
Liebe, H.	64,653	Ranganathan, R.	94,832
Litzenberger, C.	44,027	Raven, J.	28,312
Liu, J.	3,692	Rees, B.	26,003
Loehr, J.	11,638	Remenda, M.	18,285
Lung, B.	54,114	Renouf, G.	33,298
Luzny, D.	7,508	Richard, M.	16,774
Lychak, J.	49,092	Rielkoff, W.	35,314
Ma, J.	31,816	Riley, D.	30,883
Maathuis, H.	81,446	Robinson, J.	59,856
MacDonald, T.	12,612	Rosa, A.	24,363
MacLeod, B.	22,018	Rowe, T.	26,205
MacLeod, C.	38,709	Savostianik, M.	51,503
Madore, C.	47,173	Schergevitch, P.	51,277
Maki-Scott, P.	30,750	Schmid, B.	12,769
Makohon, J.	59,744	Schneider, C.	7,650
Malko, K.	17,648	Schneider, L.	28,216
Mamer, J.	26,804	Schneider, T.	9,684
Mann, B.	38,019	Schnell, B.	40,004
Mann, K.	25,432	Schramm, L.	70,000
Marusiak, L.	14,696	Schreiner, B.	108,504
Mazurkevich, T.	25,387	Schreiner, K.	6,929
McKibben, M.	48,280	Schurman, R.	5,530
McLean, G.	38,286	Scoular, J.	12,729
Melville, G.	66,761	Semple, C.	7,292
Meszaros, M.	20,120	Seymour, B.	47,298
Meyer, G.	15,831	Sherwood, P.	43,419
Meyers, S.	27,730	Shewchuk, S.	81,674
Millhouse, M.	40,023	Shi, R.	42,018
Mohamed, A.	27,160	Shutiak, G.	19,121
Moody, M.	46,351	Shuya, P.	22,849
Moser, P.	41,607	Siggelkow, P.	21,819
Mroski, L.	6,400	Simpson, M.	57,457
Murray, C.	77,181	Simsic, C.	23,607
Ng, J.	27,072	Sinclair, R.	23,894
Nicolichuk, N.	50,133	Siroski, T.	4,779
Niyazi, S.	9,613	Skopyk, L.	3,857
Olm, O.	100,770	Small, M.	15,490
Olson, R.	6,375	Smith, B.	45,336
Osman, L.	30,002	Smith, H.	24,095
Owens, K.	93,866	Smudy, C.	103,967
Pappas, E.	88,066	Snodgrass, L.	51,894
Pendrigh, N.	2,782	Snook, V.	36,387
Perron, G.	49,306	Song, L.	21,735
Peters, C.	29,513	Song, Y.	42,047
Peters, J.	25,427	Sopher, L.	23,192
Piche, T.	7,972	Sosulski, K.	88,516
Pillipow, E.	11,689	Soveran, D.	81,721

Personal Services - Continued

Spelay, R.	9,064
Stanek, B.	65,339
Stolmar, B.	17,211
Sulatisky, M.	86,652
Sun, R.	48,744
Tacik, B.	27,792
Tamosiunis, C.	28,490
Tang, J.	9,432
Tanner, K.	11,708
Tarasoff, L.	29,246
Tastad, V.	9,925
Thorpe, J.	69,941
Ullah, B.	30,477
Van Eyck, L.	4,624
Verkoczy, B.	5,785
Villena, T.	13,673
Wallace, K	72,281
Wallace, L.	12,777
Warkentin, T.	35,920
Webb, K.	12,310
Weekes, M.	90,508
Wensley, T.	24,386
Wheaton, E.	68,956
Wheeler, B.	33,371
Wilkie, S.	24,986
Wilms, J.	12,520
Wittrock, V.	46,700
Wolfe, T.	24,777
Wong, R.	75,973
Wright, D.	33,075
Wu, K.	27,733
Young, K.	72,833
Yuen, W.	74,336
Zerr, N.	26,043
Zhang, P.	35,336
Zimmer, J.	48,692
Zlipko, D.	46,661
Zuk. B.	71,144
Salaries payable adjustment	(48,185)
Bova-Can adjustment	(182,298)
Under $2,500	19,002
	$ 8,772,000

Travel

Minister's Travel	$ -
Other (unaudited)	626,000
	$ 626,000

Transfers

Unaudited list of transfers to external parties, excluding administrative expenditures which are included under personal services, travel and supplier payments.

	$ -

Supplier Payments

Unaudited list of payees who received $20,000 or more for the provision of goods and services, including office supplies and contracts.

Advanced Datasystems	$	231,932
Air Liquide Canada		96,161
Alsco Uniform & Linen Service		23,788
Anachemia Science		53,749
Apex Instruments		33,540
Black Box Images		22,193
Canadian Assoc. for Environmental Analytical Labs		21,844
Campbell Scientific Canada		21,442
Cansys Incorporated		28,636
Charonic Canada		71,461
Computer Modelling Group		40,000
Commonwealth Scientific and Industrial Research		180,000
Canada Western Research Centre		39,468
Denis Design Works		22,883
Ebsco Canada		34,382
Enterprise Rent-A-Car		23,658
Enviro-Test Laboratories		43,454
Executive Source		52,118
Fasttrack Management		84,972
Fisher Scientific		81,123
Grand And Toy		28,966
Idexx Laboratories		34,949
Industrial Monitor		36,755
Innovators in the Schools		25,000
Kelly Services		30,070
Logomotion Promotional Product		23,424
Marsh Canada		79,639
Mera Development		59,849
Nikon Canada Instruments		21,616
Now Design		24,442
Perkin Elmer Canada		20,806
Powertech Labs		222,635
Queens Executive		20,223
Receiver General for Canada		133,508
Royal Roads University		21,160
Russel Metals		22,807
Saskatchewan Opportunities Corporation		443,816
Saskatchewan Property Management Corporation		111,813
Saskatchewan Blue Cross		350,606
Saskatchewan Industry & Resources		33,059
Saskatchewan Workers Compensation Board		40,740
SaskEnergy		37,268
SaskPower		66,174
SaskTel		217,249
Globe and Mail		23,459
Timberline Forest Inventory		22,024
Transition Technologies		23,352
University of Regina		70,060
University of Saskatchewan		104,801
Vopak Canada		70,536
VWR International		74,240
Bova-Can adjustment		(252,491)
Under $20,000		2,127,639
	$	5,577,000

Purchase of Capital Assets Payments

Unaudited list of payees who received $20,000 or more for the purchase of capital assets.

Agilent Technologies Canada	$	226,950
Business Furnishings		32,743
Eecol Electric		21,361
Fasttrack Management		245,863
Fisher Scientific		33,465
Inter-City Mechanical		148,768
Logicorp		76,757
Power Ignition Controls		26,694
Saskatchewan Opportunities Corporation		77,839
Thermo Haake		56,193
Transition Technologies		24,753
Varian Canada		78,710
VWR International		20,972
Under $20,000		243,932
	$	1,315,000

Accommodation charges

Unaudited list of payees who received $20,000 or more for the purchase of facilities accommodation.

North Star Innovative Developments	$	106,000
Saskatchewan Opportunities Corporation		3,549,000
Saskatchewan Property Management Corporation		578,000
Under $20,000		82,000
	$	4,315,000